A67.7/2:3/12

MARCH 22, 1965

IS USSR CHANGING ITS CROP-REPORTING METHODS?

FRANCE FACING WHEAT DISPOSAL PROBLEM

AUSTRALIA USES TAXES AS EXPORT INCENTIVE

APR 1965
Documents
TTC
Library

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

A WEEKLY MAGAZINE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

MARCH 22, 1965
VOL III • NUMBER 12

This fall, French combines will probably bring in another very large wheat harvest to swell the French surplus (see story on p. 6).

Contents

3 Soviet Agricultural Statistics—Is a Change in the Offing?

4 Argentine Beef Industry at Low Ebb, With Exports Lower

5 U.S. Livestock Product Exports Up, Imports Down

6 France Is Faced With a Wheat Disposal Problem

7 Market Development

Australia Uses Tax Incentives To Stimulate Exports
Third 1965 U.S. Food Show in Britain Ends
Japanese Impressed by U.S. Processed Food Exhibit at Tokyo Center

9 World Crops and Markets (Commodity index on page 15)

16 Soviet Union Importing Small Quantities of Wheat

Orville L. Freeman, Secretary of Agriculture

Dorothy H. Jacobson, Assistant Secretary for International Affairs

Raymond A. Ioanes, Administrator, Foreign Agricultural Service

Editor: Alice Fray Nelson **Associate Editors:** Ruth A. Oviatt, Kay O. Patterson, Janet F. Beal

Advisory Board:

W. A. Minor, Chairman; Wilhelm Anderson, Horace J. Davis, John H. Dean, F. Leslie Erhardt, David L. Hume, Robert O. Link, Kenneth W. Olson, Donald M. Rubel.

This magazine is published as a public service, and its content may be reprinted freely.

Foreign Agriculture is published weekly by the Foreign Agricultural Service, United States Department of Agriculture, Washington, D. C. 20250. Use of funds for printing this publication has been approved by the Director of the Bureau of the Budget (December 22, 1962). Yearly subscription rate is $7.00, domestic, $9.25 foreign; single copies are 20 cents. Orders should be sent to the Superintendent of Documents, Government Printing Office, Washington, D. C. 20401.

Soviet Agricultural Statistics — Is a Change in the Offing?

Recent Soviet press attacks on the USSR's grain reporting system say it gives misleading results — something that USDA has long suspected.

By HARRY E. WALTERS
Foreign Regional Analysis Division
Economic Research Service

The Soviet Union counts its wheat yields by the centner (220.46 lb., or 1/10 of a metric ton). But when is a centner not a full centner? Apparently there is a serious Soviet controversy on this score. After 2 years of silence on the nature and quantity of grain production, hints are beginning to emerge from the Soviet Union that something may be done about the present system of reporting grain production and yields. There is new and strong pressure for using a real "barn yield," or what actually goes into the barn, instead of "bunker weight"—the weight of the grain as it comes from the combine, including dirt, chaff, trash, and excessive moisture.

Discarding the "bunker weight" method of estimating the crop—now used both for grains and for oilseeds—would be significant not only within the Soviet Union, but also for everyone concerned with the facts of Soviet agricultural production and its impact upon international trade in agricultural commodities.

The statistical blackout

Customarily, during each January a report is published in the Soviet press presenting preliminary statistical information on the whole economy for the previous year. Little information for agriculture was published a year ago after the crop failure, but this year there was even less. This was all the more surprising since the Soviet press last fall had been full of glowing claims about record production and procurement of most crops.

The annual Soviet statistical handbook *Narodnoe Khozyaystvo* for 1963, released last month—many months late—contained only a total grain production figure, but no production figures for individual grains, not even as important a crop as wheat. This total grain figure was contained in a table, along with other years' totals previously noted as being in terms of "barn yields." But that note was now conspicuously absent. Instead, a curious note at the bottom of the page stated, "The harvest and yield of grain crops is based on the originally recorded weight"—that is, the "bunker weight."

The Soviet press speaks

Was this perhaps a first step towards subsequent publication of true barn figures? During February, two official Communist Party newspapers—*Sel'skaya Zhizn* (Rural Life) and *Ekonomicheskaya Gazeta*—published articles strongly attacking the use of bunker weight as a measure of grain output and yields. These articles speak for themselves. If the change they call for does take place it will be the most significant event in Soviet agricultural statistics since the abandonment of the so-called biological yields after Stalin's death. (These were pre-harvest crop estimates, published as barn figures.)

The article in *Sel'skaya Zhizn*, published February 28, was written by I. Lazebny, director of the *Mametova* state farm in Tselinograd oblast, a region in the heart of the new lands. He asks,

"...Why is the harvest and also the production of grain measured in bunker weight? Could it give a more accurate measure of the actual harvest of grain, when bunker weight contains not only grain but foreign matter and moisture as well? Sometimes the quantity of these in the harvested grain exceeds 10 to 15 percent. Nevertheless, the farm includes in the annual report everything that comes from the combine. The question is: What is the use of percentages from which bread cannot be baked and cattle cannot be fed?"

P. Makarov, agronomist and economist on the *Maysky* state farm in the Kirgiz Republic, put it in almost identical terms in *Ekonomicheskaya Gazeta* on February 10:

"The question arises, why is chaff and dirt shown in the grain reports? You see! it makes no difference; pancakes are not baked from *otkhod* [the Russian word for chaff and waste in grain]."

These are the first explicit condemnations of the bunker weight system to appear in the Soviet press. Although it has been known that bunker weight was used in Soviet crop reporting, this practice has been obscured in the presentation of Soviet crop statistics. Whenever grain production or yields were given, they were always said to be in terms of "barn yield," with the implication that this was clean grain free of excess moisture. Only in obscure references and in books on agricultural statistics was it indicated that bunker weight was used. Furthermore, whenever the Soviet Union compares its production with that of other countries, it always uses these bunker weight yields and argues that they are comparable.

The system vs. the farm

It is meaningful that these articles were written by officials of Soviet farms, for it is the farm management that is being squeezed by this peculiar system of multiple valuations of grain production. As Lazebny says,

..."the wages of the combine operator and the brigade are valued in terms of bunker weight. In the drive for bonuses and higher wages the operator regulates the cleaning machinery poorly—harvesting wet, green grain—and is not concerned with having less dirt in the bunker."

On the other hand, the state buys grain from the farms on the basis of a grading system. Grain of less than standard dockage receives a premium, whereas that above the standard dockage pays a penalty. Lazebny points out that the operation of this system, called *zachotny ves*, "often understates the quality of wheat, barley, and other crops [sold to the state], hence creating a surplus" for the procurement authorities. This can only be corrected if the farm management makes a strong protest.

Why, then, ask these authors, is such a multiple system used? It goes counter to all of peasant history.

"From time immemorial the golden rule of the farmer has been that grain is considered to be only what can be placed in the barn. Having grown wise with experience, the peasant first cleans and dries the grain and then says the yield is '10 times the seed' or '20 times the seed.' Why have we forgotten this folk experience?"

Makarov indicates that orders from above were the reason. His farm had long since completed the harvest and knew the actual amount of grain harvested.

"But then the Central Statistical Administration of the USSR demands from the collective and state farms information on the harvest in so-called bunker weight. Thus, on 1 November of last year our state farm submitted its report on the harvest of agricultural crops. By that time the farm had long since completed the harvest; for a long time the barn yield of grain, vegetables, potatoes, and other crops had been determined."

Lazebny puts his example in figures. His farm last year actually harvested 13.05 centners per hectare of clean grain (about 19.4 bu. per acre), but had to report its "bunker weight," which indicated a yield of 14.02 centners (about 20.8 bu.). He then gives us the answer to the why:

"It sometimes happens thus: Some orator stands before the podium of some important conference boasting of a 100-pood yield [16 centners per hectare] when in fact the yield was 2 or 3 centners less."

These statements appeared in newspapers which are organs of the party and—it may be assumed—with the sanction of top party officials. The articles are straightforward, the statements in the original Russian are strong, and there is no doubt left that the type of discrepancy mentioned is a deliberate *overstatement*, not a missing of the mark.

In a country such as the Soviet Union, where from 120 million to 130 million hectares of grain are harvested a year—between 300 million and 320 million acres—the difference made by 1, 2, or 3 centners per hectare is astounding. If, for example, the yield was overstated by only 1 centner per hectare, the total harvest would have been overstated by 13 million tons in 1963. This is a larger amount of grain than the Soviet Union bought from the entire Western World as a consequence of the 1963 crop failure. Correspondingly, if the overstatement was 2 or 3 centners per hectare, the total harvest would have been overstated by from 26 million to 39 million tons.

The article in *Sel'skaya Zhizn* is backed up by the comments of a correspondent, who states, "The imperfections of the system of grain estimation are recognized by everyone. Many are suggesting a wide discussion of this question and drawing proper conclusions." He then asks, significantly, "and what does the Central Statistical Administration of the USSR and the State Procurement Organization think about this? How do they think grain should be calculated? Introduction of a single estimating system would be a gain both for the state and the farmers."

We cannot be certain whether the estimating system will actually be overhauled in the near future. What we do know, beyond any reasonable doubt, is that present Soviet crop statistics contain a gross overstatement of yields and total production. Until this fault is corrected, the usefulness of published Soviet grain and oilseed data is crippled.

Argentine Beef Industry at Low Ebb, With Exports Lower

Argentina's beef industry went into an across-the-board decline in 1964, with sharp drops in production, consumption, and exports. Little pickup is in sight for 1965.

Preliminary data released for calendar 1964 by the country's National Meat Board shows a 27-percent decline in slaughter—from 12 million head in 1963 to less than 9 million last year. The fall-off is attributed to ranchers' efforts to build up herds and to carry steers to maximum weights on a rising market.

Beef production in 1964 is estimated by the Meat Board at 1.9 million metric tons. This was a 22-percent drop from 1963 output, although average dressed weight did rise 6 percent to 484 pounds—it was 455 pounds in 1963.

The smaller beef output caused both consumption and exports to fall. Per capita consumption in 1964 is estimated at only 132 pounds (it was over 169 pounds in 1963). Government rationing through "beefless days," high prices, and scarcities in normal marketing channels all contributed to the consumption decline.

Exports slip too

Exports followed the overall slump, dropping 24 percent to 580,000 metric tons from 770,000 tons in 1963. Despite this contrast, the 1964 exports compared favorably with recent export history.

The Meat Board has been taking steps to control export volumes in order to prevent disruption of markets and low prices. For example, monthly quotas and minimum export prices have been set by the Board. The February 16-March 31 quota is 40,500 tons (22,500 chilled, 13,500 frozen continental type, and 4,500 manufacturing type).

The Board also has been working toward maintenance of quality standards for beef exports. Since February 1, chilled beef exports have been restricted to Board-authorized plants having both slaughter and chilling facilities. This cuts middlemen out of the chilled beef export trade.

Forecast for 1965

In looking ahead, the Meat Board expects little change in the situation this year. Beef production is forecast at 1.95 million tons. Exports are estimated at 550,000 tons, carcass weight—400,000 tons frozen and chilled, and 60,000 canned. No shift is in sight for market destinations.

Demand for Argentine beef is expected to continue strong in the European Common Market, where the beef and live cattle deficit is estimated at 700,000 tons. Prices will probably remain high in Europe, and Common Market meat regulations are not expected to impose any special import levies.

Other bright spots in the Argentine export picture include adjustment of EEC regulations so that Argentina can now ship chilled beef to West Germany. Also, Argentina is trying to work out an agreement with Italy to supply an annual volume of meat, probably around 100,000 tons.

Outside the EEC, negotiations are underway with Spain, where annual beef import demand is projected at 70,000 tons; Argentina could supply about two-thirds of this quantity.

—RICHARD S. WELTON
Assistant U.S. Agricultural Attaché
Buenos Aires

U.S. Livestock Product Exports Up, Imports Down

U.S. trade in livestock products during 1964 took an abrupt turnabout from that in the previous year, with exports rising sharply and imports dropping.

Largely responsible for the change in the U.S. import picture was the widespread meat shortage in European countries, which prompted our traditional suppliers to divert their exports from the United States to the European areas. The shortage overseas also made possible greater U.S. access to the European market for meat.

Imports down to average level

On the import ledger, there were large declines in U.S. purchases of red meats, wool, and cattle.

Red meat imports, at 1 billion pounds, were pulled down some 30 percent by smaller purchases of beef, veal, lamb, and mutton. Beef and veal imports were off by 29 percent —even more than had been anticipated by U.S. Department of Agriculture officials, who earlier in the season predicted a 25-percent decline, to the 1959-63 average. All of the major suppliers shipped less. Imports from Australia were down 27 percent, New Zealand 29 percent, Ireland 72 percent, and Mexico 33 percent. Lamb and mutton imports were off 45 percent, largely because of that same reduction in takings from Australia; pork imports were unchanged.

Wool imports for the year showed a 23-percent decline, with carpet wool imports down 32 percent and apparel wool, 10 percent.

Sharp reductions in imports of live cattle from Mexico and Canada resulted in a 36-percent decline in this category, to 547,000 head. Takings of most types of hides and skins were also down, reflecting the large U.S. production and exports. However, imports of sheep and lamb skins, at nearly 30 million pieces, were up 12 percent.

U.S. IMPORTS OF SELECTED LIVESTOCK PRODUCTS

Commodity	December[1]		January-December[1]	
	1963	1964	1963	1964
Red meats:	*1,000*	*1,000*	*1,000*	*1,000*
Beef and veal:	*pounds*	*pounds*	*pounds*	*pounds*
Fresh & frozen, bone-in	1,127	1,204	19,947	17,212
Fresh & frozen, boneless	76,507	48,714	939,835	670,948
Canned, incl. corned	8,941	6,520	111,704	78,708
Pickled and cured	44	78	632	370
Beef sausage	370	221	1,674	4,897
Other beef	643	759	22,197	10,815
Veal, fresh & frozen	2,932	1,705	26,429	17,451
Total beef & veal	90,564	59,201	1,122,418	800,401
Pork:				
Canned hams and shoulders	12,647	13,840	140,021	140,535
Other pork	5,934	6,800	70,433	70,089
Total pork	18,581	20,640	210,454	210,624
Mutton and goat	6,234	1,740	62,867	34,305
Lamb	1,305	753	18,924	10,439
Other sausage	638	565	2,100	4,539
Total red meat	117,322	82,899	1,416,763	1,060,308
Variety meats	814	244	4,976	1,769
Wool (clean basis):				
Dutiable	10,426	12,005	109,196	98,405
Duty-free	14,754	12,572	167,962	113,932
Total wool	25,180	24,577	277,158	212,337
	1,000	*1,000*	*1,000*	*1,000*
Hides and skins:	*pieces*	*pieces*	*pieces*	*pieces*
Cattle	17	17	361	315
Calf	65	106	875	926
Kip	62	82	1,037	1,084
Buffalo	38	22	586	415
Sheep and lamb	1,361	1,183	26,310	29,606
Goat and kid	1,150	925	14,774	12,882
Horse	17	45	415	387
Pig	128	144	989	1,759
	Number	*Number*	*Number*	*Number*
Live cattle[2]	102,836	88,745	852,278	546,606

[1] Owing to changes in the tariff schedule, statistics for 1963 and 1964 are not completely comparable. [2] Includes cattle for breeding.

Bureau of the Census.

Record year for most exports

At the same time, U.S. exports of animal fats, hides and skins, and variety meats went on to set records, and those of red meats were up appreciably.

Shipments of tallow to most of the important U.S. markets rose, and lard sales to the United Kingdom were up 26 percent, making U.S. shipments of this product the largest since 1951. The United States supplied an unusually big share of Britain's lard market in 1964—89 percent.

The long upward trend in variety meat exports remained unbroken this year, as U.S. exports rose 45 percent from the 1963 level to a record 231 million pounds. This gain reflects the high prices of beef and pork in Europe.

Exports of red meats, at 199 million pounds, were buoyed by the increased foreign buying of beef and veal, shipments of which were double the 1963 level. The grain in beef was chiefly the result of large sales to Egypt under Public Law 480 and a combination of cash and P. L. 480 sales to Israel. Also, sales to Canada, France, and some other countries were up materially because of exceptional price relationships early in the year. U.S. exports of pork in 1964 were slightly lower than a year earlier, reflecting reduced exports to Canada.

U.S. EXPORTS OF LIVESTOCK PRODUCTS
(Product weight basis)

Commodity	December		January-December	
	1963	1964	1963	1964
	1,000	*1,000*	*1,000*	*1,000*
Animal fats:	*pounds*	*pounds*	*pounds*	*pounds*
Lard	32,740	42,644	537,674	682,001
Inedible tallow and greases[1]	158,665	161,498	1,879,027	2,425,349
Edible tallow and greases[2]	646	1,106	10,539	12,790
Red meat:				
Beef and veal	2,443	15,644	27,318	57,245
Pork	16,529	6,619	138,125	132,987
Lamb and mutton	167	150	1,013	1,252
Sausages:				
Except canned	146	354	1,707	3,716
Canned	52	176	873	1,127
Baby food, canned	94	45	669	699
Other canned meats	131	170	1,500	2,103
Total red meats	19,562	23,158	171,205	199,129
Variety meats	12,828	22,822	158,993	231,437
Sausage casings:				
Hog	822	711	14,491	9,431
Other natural	308	494	6,530	4,744
Mohair	720	200	14,200	2,657
	1,000	*1,000*	*1,000*	*1,000*
Hides and skins:	*pieces*	*pieces*	*pieces*	*pieces*
Cattle	659	1,021	7,971	11,502
Calf	168	191	1,604	2,111
Kip	35	36	253	280
Sheep and lamb	281	301	2,881	3,065
	Number	*Number*	*Number*	*Number*
Live cattle	1,944	3,057	23,155	61,631

[1] Includes inedible tallow, greases, fats, oils, oleic acid or red oils, and stearic acid. [2] Includes edible tallow, oleo oil and stearin, oleo stock and shortenings, animal fat, excluding lard.

France Is Faced With a Wheat Disposal Problem

By JAMES LOPES
Foreign Regional Analysis Division
Economic Research Service

France's 1964 wheat harvest, the second biggest in its history, has confronted that country with the prospect of record carryover stocks by harvesttime in 1965. And, with the 1965 crop also forecast as a near-record one, total wheat supplies for 1965-66 may reach a new high.

This would mean a major disposal problem for the French. Although France was able in the years 1961-63 to market some of its rising wheat surpluses in Eastern Europe, it is not likely to hold these markets under normal conditions. Nor can it rely on Communist China—its best grain customer in those years—as a steady market, against the strong competition of Canada and Australia.

So far, exports have risen with stocks

From 1.4 million metric tons at the start of the 1961 harvest, French wheat stocks rose to 1.7 million in 1962 and to 3.2 million in 1963. That year's poor crop reduced them to 2.5 million in 1964. But the 1964 crop was up by one-third, so stocks at the time of the 1965 harvest may be as high as those in 1963 or higher.

For the 1965 crop, estimated winter wheat plantings were 6.5 percent above those of 1964 by January 1, 1965, and 13 percent above the 1960-64 average; total wheat acreage is likely to be up substantially. Given normal weather, this will mean another very large harvest.

Communist China's need for wheat since 1960 and the Soviet Union's short wheat crop of 1963 have enabled France to dispose of some of its surpluses in the Communist countries. In 1963, these countries absorbed more than one-third of France's grain exports, compared with about one-fourth in 1962 and less than a tenth in 1961.

Communist China took 1,174,500 tons of wheat and 354,500 tons of barley from France in this 3-year period; Poland, 642,700 tons of wheat and 136,900 of barley; Hungary, 224,400 of wheat and 50,000 of barley.

Export prospects uncertain

The Franco-Polish agreement of 1964 provides for total shipments of 1.2 million tons of wheat in 1965-67. But Eastern Europe is not likely to remain in the market for large quantities of French wheat. The Soviet Union apparently intends to regain its usual markets there—even if it has to import wheat from France and other sources to do so (see story on page 16).

In the Communist Chinese market, Canada and Australia will be able to offer strong competition to French wheat. A Chinese agreement with Canada calls for shipment of 3 million to 5 million metric tons of wheat between August 1963 and August 1966. Much of this has already been dispatched, and this January the Chinese agreed to take 711,000 tons before June. An agreement with Australia, signed October 1964, calls for shipment of 1.5 million tons in a 6-month period ending this April. At the time of signing, and several times since, there were reports of another agreement under discussion with Australia, said to call for an additional 1.5, million tons after the present agreement expires. A Chinese agreement with Argentina provides for shipment of 1 million tons—400,000 in 1964 and 300,000 in each of the next 2 years.

Importance of EEC attitudes and plans

The ability of the French to continue selling wheat to China will also depend upon the attitude of the European Economic Community toward export subsidies. In July 1964, the Communist Chinese discussed with the French the purchase of 1 million tons of wheat; and in November 1964, the EEC agreed to help subsidize exports of this quantity of wheat to China. The subsidy was to be partly financed from the Common Market's Guarantee Fund. However, in January 1965 the Chinese postponed further negotiations on this transaction until March, reportedly because the price was too high.

France's EEC partners may buy very little of France's wheat for flour in the future; most of it is soft wheat, in which the other EEC countries as a group are now almost self-sufficient. In recent years they have had either to export some of their wheat or to divert it to animal feed use. Between 1958-59 and 1961-62, France's EEC partners imported an average of only 500,000 tons of soft wheat per year from the world's large wheat suppliers.

The French Government has been trying to reduce the wheat inventory by subsidizing the use of millable wheat for animal feed. Domestic consumption for this purpose has increased of late, from 1.3 million tons in 1960-61 to 2.5 million in 1963-64 and an estimated 3.6 million in 1964-65. But most wheat fed has been of lower quality.

Production due for further increase

France's production of wheat (and other grains) probably will increase considerably. The recently unified EEC grain prices, due to go into effect no later than July 1, 1967, call for a wheat target price 6 percent above the present French target price. In addition, it is expected that French farmers will no longer be taxed to provide funds for subsidizing grain exported and fed.

The net effect of these changes will be to increase the French farmer's returns from production of grain, particularly wheat and barley, by about 20 percent. Since France has considerable acreage in pasture and fodder which could be used for production of grains, such price increases are likely to stimulate production. But prices set for beef and dairy products will also be a factor.

The new target grain prices provide for an advantage of approximately 15 percent for wheat over barley and corn. But the wheat price will tend to fall somewhat below the target because of excess production, and thus the spread between wheat and corn prices probably will be narrower than the target differences. The EEC may have to subsidize the use of wheat for feed to make it attractive to the livestock and poultry industry. However, the relative profitability to the EEC of feeding wheat or of subsidizing its export and importing an equivalent amount of feed grains will depend upon the relative price of grains in world markets as well as in the EEC.

The EEC Council of Ministers has agreed to reexamine the proposed 1967 grain prices before July 1, 1966, basing any action on a study of costs and prices that will be prepared by the EEC Commission in the meantime.

Australia Uses Tax Incentives To Stimulate Exports

By ARMIN J. REHLING
Trade Projects Division
Foreign Agricultural Service

In its drive to increase exports, Australia's Government has since 1961 used taxation incentives which its current Deputy Prime Minister and Minister for Trade and Industry terms highly successful.

"The response by manufacturers and traders has shown," says Minister J. McEwen in an explanatory booklet, "that the measures are making a valuable contribution to Australia's export efforts, and are generating new and widespread interest in exporting."

Australians thus seem to believe the incentives—a payroll tax rebate and special income tax deductions for foreign market promotion—have had a part in Australia's gain since 1960-61 of almost $1 billion in total annual exports, of which agricultural exports consistently make up around 75-79 percent. (In 1963-64, 79 percent of Australia's $3-billion exports were agricultural.) Both incentive forms are due to run to June 1968.

Payroll tax rebate

The payroll tax rebate provides tax relief for producers of goods, or components of goods, exported from Australia. The rebate may be claimed by a firm—whether a company, partnership, or sole trader—which qualifies as a "producer for export."

For packaged goods, it is the firm which owns the product when it is placed in its original commercial container. In the case of canned goods, for instance, it is the cannery.

For goods not packaged, the entity eligible for the rebate is the owner of the goods when—through manufacture, production, assemblying, processing, grading, or sorting—they are put into the form in which they are exported.

All types of goods exported from Australia qualify as "exports" for the purpose of the rebate.

The payroll tax rebate works like this. The exporter, or the producer for export, calculates the value of goods he exported during the 2 fiscal years ending June 30, 1959 and 1960. The average of these 2 years then constitutes his base.

If the value of his exports for the tax year in question exceeds his base, he can claim the rebate. For example, if the increase amounted to 1 percent of gross receipts the refund would be 12.5 percent of his payroll tax, and he could claim his tax rebate according to the following formula:

$(I \div G) \times \text{payroll tax} \times 12\frac{1}{2}\% = \text{rebate}$

(I=Net increase in export sales; G=Gross receipts for year.)

This ratio is applied proportionately so that when increased exports equal 8 percent of gross receipts the exporter earns complete rebate of payroll taxes on his entire business.

Total payroll tax refund possible

Therefore, if the exporter, or producer for export, has gross receipts of $1 million a year and increases exports by $80,000, he gets a refund of all payroll tax paid during the year. If he has never exported before, he would only need $80,000 in exports to get full rebate.

Under the law providing for special deductions on income taxes for overseas market promotion, the exporter is permitted to subtract from taxable income twice the amount of such promotion expenses before calculating his income tax.

In other words, if he has spent $25,000 abroad to promote his exports he may deduct twice that amount, or $50,000 from taxable income, before calculating his income tax. The explanatory booklet says: "If a public company has been engaged in export promotion it can treble its past promotion expenditure and be in no worse position after taxes, even if no additional export business results from the expanded promotion. Export market development expenditure needs to produce additional taxable income amounting to only one-third of the amount of the expenditure in order that the company should not be in any worse position after taxes."

Those eligible to claim the special income tax deduction under appropriate circumstances are: all existing and potential exporters, including merchants; producers who export their products through merchants; suppliers of materials and components whose products are exported by other producers; and firms which together share the cost of combined overseas promotion programs.

Many promotion costs eligible

The types of market promotion expenses for which income tax deductions can be claimed are quite broad. These include: the cost of participation in overseas trade fairs and trade missions; such promotional costs as advertising not only overseas, but in Australian journals whose principal circulation is overseas; fares for overseas travel; and expense of bringing potential buyers to Australia.

Also, salaries and expenses of overseas sales representatives and payments to them for promoting Australian products; cost of preparing bids for overseas tenders; and fees paid to consultants or agents for overseas market information.

Insurance export incentives

Other aids to exporters are provided through the Export Payments Insurance Corporation established in 1956. Insurance is available to exporters to cover losses of stocks of goods maintained in a foreign country due to political occurrences—such as war, rebellion, and confiscation — or to cover loss of goods sent overseas for processing and subsequent sale, due to similar occurrences.

According to EPIC's annual report last year, there were 436 policies current at midyear, covering products exported to 122 countries.

Approximately $106.6 million worth of agricultural exports were insured in 1963-64. Leading all exports in value of insurance coverage was wool ($57.3 million). Others were: general foodstuffs ($9.6); dairy products ($8.9); meat ($6.2); leather, hides, and skins ($4.7); and grains and seeds ($3.6).

The corporation has made special efforts to assist small firms wishing to expand their export trade, particularly those making initial export efforts.

Right, Britain's Princess Margaret with FAS official inspects U. S. beef at Ideal Home Show; below at Blackpool, child gets gingerbread man made with U.S. lard.

Third 1965 U.S. Food Show in Britain Ends

The Americana Food Exhibit at London's Ideal Home Show which closes Saturday climaxes a winter series of U.S. agricultural exhibits in the United Kingdom, second largest importer of American farm products.

At the 25-day Ideal Home Show, some 1 million British consumers will have inspected the U.S. exhibit promoting beef, poultry, raisins, rice, prunes, cranberries, soya oil, and honey.

In what is the first major promotion of U.S. beef in Britain, officials of the American Meat Institute—cooperating with USDA in staging the beef exhibit—are finding excellent consumer response to the 15 tons of beef brought over for the show and being served as hamburgers and roast beef sandwiches.

U.S. foods also got a cordial reception at the 5th Northern Hotel and Catering Trade Exhibition in Blackpool, England (Feb. 22-27), where more than 28,000 restaurateurs, hotel chefs, caterers, and consumers visited the U.S. exhibit to sample and see demonstrated rice, raisins, prunes, soya oil, cranberries, poultry, and lard.

Opening the same week of the Blackpool Exhibition was a U.S. Fruit and Vegetable Exhibit at the London Trade Center (Feb. 23-March 5) held especially for the British food trade, and featuring some 200 American processed fruit and vegetable items, as well as a variety of convenience foods.

Japanese Impressed by U.S. Processed Food Exhibit at Tokyo Center

Participants in the recent processed foods show at the U.S. Trade Center in Tokyo report that Japanese tradesmen were favorably impressed by the American processed food products on exhibit.

Attendance—limited to major Japanese importers, wholesalers, distributors, confectioners and bakers, and food manufacturers—had hit 3,000 at midpoint in the show.

U.S. products ranged from walnuts and frozen chicken to soups and frosted pineapple-papaya desserts. Particularly keen was Japanese interest in a number of convenience foods, such as dips, canned meatballs, and beef stroganoff, instant soups, frozen cakes that require no baking, and other frozen food items.

A Japanese representative of a large food firm said U.S. frozen vegetables should be "highly favored by people shopping for certain vegetables out of season."

Paul P. Weininger, president of Colonial Farms, a New Jersey poultry firm, reported, "We were terrifically successful in a previous show at the Trade Center. We are taking part in this show to renew our contacts and to keep up the good work."

Grocery Manufacturers of America cooperated with FAS in the processed foods show, the first in Japan.

GMA staff member Peggy Matthews, shown below at press preview, introduced the latest American convenience foods to Japanese tradespeople throughout the 10-day food show.

West German Import Tender for Apple and Pear Juices

The Federal Republic of Germany has announced an import tender for apple and pear juices, including concentrates, also mixed, from the United States and Canada. Application for import licenses may be submitted until the exhaustion of the undisclosed value limit but not later than June 30, 1965. Country of origin and exportation must be the same.

In the case of concentrates the following quality standards must be observed: at 36° Baumé minimum total acid (calculated as tartaric acid) 3.93%; at 37°, 4.08%; at 38°, 4.23%; at 39°, 4.36%; at 40°, 4.52%.

The import licenses will be valid for 6 months.

West Germany Extends Import Tender for Canned Pears

West Germany has announced an extension of the import tender for canned pears (*Foreign Agriculture*, Dec. 7, 1964), allowing imports from a large number of countries including the United States. Application for import licenses may be submitted until the exhaustion of the undisclosed value limit but not later than June 25, 1965.

Import licenses will be valid until June 30, 1965. The validity of licenses already issued will be extended until June 30, 1965, upon application.

Iran's 1964 Almond Crop Below Average

Iran's 1964 almond crop is currently estimated at 7,200 short tons (shelled basis)—30 percent above the 1963 crop but 10 percent below the 1958-62 average of 8,000 tons.

Iran's almond exports during the marketing year beginning September 23, 1963, totaled only 1,780 tons (shelled basis)—sharply below the 6,569 tons exported the year before. During the 5 years beginning September 1958, exports averaged 5,296 tons.

Italy Has Small Filbert Crop

Italy's 1964 filbert crop, now set at 33,000 short tons (inshell basis), is 46 percent below the bumper 1963 pack, estimated at 61,000 tons, and 26 percent below the 1958-62 average.

Domestic consumption is expected to approximate the high level of 1963-64 when it reportedly doubled. The gain in 1963-64 from the previous year is believed to be the result of increased use by the chocolate and variety-food industries in response to a rising per capita income.

Despite the production decline, there may well be a heavy carryout of 1964-crop filberts. Reasons for this are the reported low quality of some of the Italian crop plus competition from Turkey in the export market.

Exports this marketing year (September-August) are forecast at 22,000 short tons—substantially below the 29,600 of 1963-64 and the 29,900 of 1962-63. Major purchasers will likely be much the same as in 1963-64 when West Germany was far the leading market, followed by Switzerland and France.

Export prices for shelled filberts in September 1964 were 53 cents a pound, and for inshell filberts, 28 cents (Long Naples c.i.f. New York). These prices gradually decreased to 48 cents and 25 cents, respectively, in January 1965 as a result of competition from the heavy Turkish crop. Normally Turkish filberts command a premium of about 2 cents a pound over Italian filberts, but this season Turkish prices are actually about 2 cents below the Italian level.

ITALY'S FILBERT SUPPLY AND DISTRIBUTION
(Inshell basis)

Item	1962-63	1963-64	1964-65[1]
	1,000 short tons	*1,000 short tons*	*1,000 short tons*
Supply:			
Beginning stocks (Sept. 1)	--	5.0	16.9
Production	44.0	61.0	33.0
Imports	1.4	.9	2.8
Total supply	45.4	66.9	52.7
Distribution:			
Exports	29.9	29.6	22.0
Domestic disappearance	10.5	20.4	20.7
Ending stocks (Aug. 31)	5.0	16.9	10.0
Total distribution	45.4	66.9	52.7

[1] Estimated or forecast.

French Prune Crop Up From 1963

The most recent reported estimate of France's dried prune production is 10,000 short tons—approximately 20 percent higher than the weather-damaged 1963 crop and 35 percent above the 1958-62 average. Prices for French prunes, f.o.b. rail terminals in the producing areas, are as follows:

Size[1]	*U.S. cents per pound*
20/30	49.1
30/40	31.9
50/60	29.2
60/70	25.5
70/80	21.8
80/90	18.5
90/100	15.7
100/110	13.9

[1] Per 500 grams.

Imports between August and December 1964 were up considerably from those in the 1963 period. The United States continued to be the principal supplier, providing over 90 percent of total French prune imports.

Exports during the same period have not kept pace with those in 1963. Algeria is the largest single market, importing more than 40 percent of French prunes.

FRANCE'S FOREIGN TRADE IN PRUNES

Countries	August-December	
	1963	1964
	Short tons	*Short tons*
Imports:		
United States	1,398	2,209
Yugoslavia	--	125
Portugal	7	39
Others	2	4
Total	1,407	2,377
Exports:		
Algeria	197	127
Netherlands	44	51
United States	--	13
Others	81	109
Total	322	300

FRANCE'S SUPPLY AND DISTRIBUTION OF DRIED PRUNES

Item	1963-64	1964-65[1]
	1,000 short tons	*1,000 short tons*
Supply:		
Stocks August 1	3.2	0.8
Production	8.3	10.0
Imports	3.5	3.9
Total supply	15.0	14.7
Distribution:		
Exports	1.0	.6
Consumption	13.2	13.7
Stocks	.8	.4
Total distribution	15.0	14.7

[1] Estimate.

Italy Produces Large Almond Crop

Italy's 1964 almond crop is estimated at 38,000 short tons (shelled basis)—substantially above the 1958-62 production of 32,300 tons. The 1963 crop amounted to 42,000 tons.

Because of the smaller crop, 1964-65 exports are expected to be somewhat below 1963-64 shipments. During that season, Italy exported 34,180 tons of shelled and 1,356 tons of inshell almonds compared with 19,525 shelled and 1,823 inshell in 1962-63.

ITALY'S ALMOND SUPPLY AND DISTRIBUTION
(Shelled basis)

Item	1962-63	1963-64	1964-65[1]
	1,000 short tons	*1,000 short tons*	*1,000 short tons*
Supply:			
Beginning stocks (September 1)	11.0	--	1.6
Production	14.5	42.0	38.0
Imports	.3	.4	.2
Total supply	25.8	42.4	39.8
Distribution:			
Exports	20.0	34.5	32.0
Domestic disappearance	5.8	6.3	6.3
Ending stocks (August 31)	--	1.6	1.5
Total distribution	25.8	42.4	39.8

[1] Estimated or forecast.

Yugoslavia's Dried Prune Supply Lower

Yugoslavia's estimated 1964-65 dried prune production, at 27,500 short tons, is 15 percent above the 1963-64 figure but down 11 percent from 1962-63 and 37 percent from 1961-62.

Quality of the pack is reportedly below average because cold rainy weather during the summer and fall of 1964 reduced the prunes' sugar content. The number of prune and plum trees appears to be increasing faster in private orchards than in state commercial orchards. Improved and modernized techniques in production and in processing have been reported from Yugoslavia.

Approximately 50 additional modern driers are in operation, bringing the total to 550. These modern driers—owned and operated by the general agricultural cooperatives—processed over 70 percent of the 1964 production, while old primitive driers accounted for the remaining portion.

Exports of dried prunes for 1964-65 are expected to be 23,000 short tons, which would be approximately 6 percent below 1963-64 and 22 percent below 1962-63. The Soviet Union imported an estimated 56 percent of Yugoslavia's 1963-64 dried prune exports, followed by Czechoslovakia with 10 percent and West Germany with 5 percent.

Domestic prices for dried prunes in January 1965 were substantially higher than in January 1964. This situation may be attributed in part to the reduced supply of Yugoslav dried prunes.

YUGOSLAVIA'S SUPPLY AND DISTRIBUTION OF DRIED PRUNES

Item	1961-62	1962-63	1963-64	Forecast 1964-65
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Supply:				
Beginning stocks, Oct. 1	2.8	16.5	12.0	3.3
Production	43.3	31.0	24.0	27.5
Imports	--	--	--	--
Total supply	46.1	47.5	36.0	30.8
Distribution:				
Exports	16.6	29.5	24.4	23.0
Domestic disappearance	13.0	6.0	8.3	5.6
Ending stocks, Sept. 30	16.5	12.0	3.3	2.2
Total distribution	46.1	47.5	36.0	30.8

YUGOSLAV EXPORTS OF DRIED PRUNES BY DESTINATION, 1963-64

Country	Quantity	Country	Quantity
	Short tons		*Short tons*
Austria	781	West Germany	1,181
Belgium-Luxembourg	6	Soviet Union	13,587
Czechoslovakia	2,469	Switzerland	53
Denmark	468	United Kingdom	220
East Germany	---	Israel	187
Finland	19	Egypt	121
France	116	Morocco	95
Netherlands	14	United States	88
Italy	830	Cuba	55
Norway	136	Other countries	3,219
Bulgaria	---		
Poland	721	Grand total	24,366

Tea Imports Into the United States Increase

U.S. imports of tea in 1964 totaled 133.6 million pounds—up 6 percent from the previous year's and the largest in 46 years. Responsible for this rise was the continued increased buying from Ceylon—the largest U.S. supplier. However, imports from India continued to decline for the third consecutive year.

Three countries supplied nearly three-fourths of U.S. imports in 1964—Ceylon 58.9 million pounds, India 25 million, and Indonesia 14 million. Although the United States is the world's second largest tea importer, per capita consumption is still less than 0.7 pound, compared with nearly 10 pounds in the United Kingdom.

Japan's Sugar Price Stabilization Plan

A plan to stabilize the Japanese sugar market through price and production controls has been recommended to the Ministry of Agriculture by an advisory group of economists and scholars.

The plan, worked out in response to a request from the Ministry, is expected to be used as the basis for a bill to be presented to the National Diet (Parliament), if it proves satisfactory to the other government agencies concerned. It is specifically designed to stabilize Japanese sugar prices at a level that would enable domestic beet sugar producers to operate satisfactorily. At the same time, it will help prevent wide consumer price fluctuations, such as have occurred in recent years.

As announced, the plan calls for the introduction of a standard price and a price range, for the reduction of the

import duty when necessary, and for the curtailment of sugar production.

A semiofficial corporation will be organized to collect from the importers the difference between the standard price and the import price when world market prices are lower than the standard level. When world market prices rise beyond the upper limit of the official price range, the corporation will be authorized to subsidize the difference, or the government will reduce the import duty on raw sugar as necessary.

Similar methods will be used to stabilize the prices of domestically produced sugarbeets, through the operation of the corporation.

The plan has been presented in broad outline and there are many specific details that need to be worked out.

The standard price is to be determined at a level which domestic producers are trying to attain in the near future by cutting down costs and rationalizing operations.

Malagasy's Vanilla Crop Smaller

The 1965 vanilla bean crop in the Malagasy Republic is expected to be down from 850 metric tons produced in 1964. However, stocks from previous crops are estimated to be near 1,000 tons, or enough to supply world needs for about a year. Malagasy vanilla is currently selling for $5 per pound (New York Spot)—about $1 per pound less than a year earlier.

The Malagasy Republic is the world's largest producer of vanilla beans.

Canada Raises Its Sugarbeet Support

Canadian Minister of Agriculture Harry Hays announced in the House of Commons on February 24 that the Agricultural Stabilization Board will support Canadian sugarbeets at Can$14.35 per long ton (about US$11.86 per short ton) for the 1965-66 crop year, which begins September 1. The floor price is 63 Canadian cents per ton (52 U.S. cents per short ton) higher than the support price of Can$13.72 (US$11.34 per short ton) which has been in effect for the past 3 years. It is 104 percent of the base price or 10-year average.

Last deficiency payment made by the Agricultural Stabilization Board on sugarbbeets was in 1961.

Australia's Honey Exports Drop

Australian honey exports during 1963-64, at 18.9 million pounds, were significantly below the 26.8 million in 1962-63, despite an increase in production. Exports for the July-December 1964 period amounted to 4.7 million pounds, compared with 8.6 million in the same 1963 period.

The United Kingdom remained the leading buyer, with takings of 12.5 million pounds. Shipments to West Germany amounted to only 3.7 million pounds compared with 10.7 million in 1962-63. Exports to Japan have increased markedly in the past 3 years and totaled over 1 million pounds.

Australia's 1963-64 honey production amounted to 45.7 million pounds, 39.7 percent more than the 32.7 million pounds of 1962-63 but 14 percent below the record production of 53.2 million pounds in 1948-49. Australia has some 450,000 beehives—339,000 of them productive. Therefore, the average yield per productive hive last year was 134.4 pounds.

The 1964-65 outlook is for a somewhat small production from 1963-64. Seasonal conditions in most states were fair during the early part of the season, but exceptionally dry conditions later are likely to affect output.

West Germany's Honey Outlook Good

West Germany is expecting a large domestic honey production in 1964-65. Estimates place this crop at 14,300 metric tons (31.5 mil. lb.)—about 50 percent greater than production in the past two seasons. Hive numbers are currently at about the same number as last year.

Total 1964 imports of honey into Germany amounted to about 39,000 metric tons (86 mil. lb.) compared with 45,000 tons (99 mil. lb.) in 1963. The major suppliers in 1964 continued to be Mexico and Argentina, followed by Communist China (in terms of quantity), or the United States (in terms of value). Other important sources for honey were Hungary, Guatemala, Cuba, Australia, and Poland.

Honey is one of the few food items which is not intended nor expected to be under European Common Market regulation. However, an adjustment of national import duties to a common external tariff will be forthcoming. The ultimate EEC duty will be 30 percent ad valorem for all honey (including that for baking purposes).

U.S. Vanilla and Pepper Imports Up

U.S. imports of vanilla beans in 1964 totaled 1.6 million pounds—up 53 percent from those in 1963 and 3 percent from 1962. Larger imports from the Malagasy Republic, which supplied 1,366,000 pounds or 84 percent of U.S. requirements in 1964, were responsible for the increase. Imports from Mexico—formerly a major U.S. supplier—continued to decline sharply, to 24,000 pounds; this was 23 percent less than the year before.

Black and white pepper imports again increased—to 47.5 million pounds from 44.2 million in 1963 and 39.5 million in 1962. Indonesian shipments, which accounted for 78 percent of U.S. imports, were up 4.4 million pounds to 37.2 million, while imports from India dropped sharply to only 3.8 million pounds from 8.3 million in 1963 and 21.1 million in 1962. Imports from Brazil more than doubled to 5.2 million pounds, making it the second largest supplier of U.S. imports last year.

The United States is the world's largest importer of vanilla beans and pepper.

Japanese Cotton Imports Up

Imports of raw cotton into Japan in the August-December period of the current season totaled 1,244,000 bales, 7 percent above the 1,163,000 bales imported in the same 1963-64 period. Smaller imports from the United States—290,000 bales or 23 percent of the total against 327,000 or 28 percent in the 1963-64 period—were largely offset by increased takings from Mexico and Central America.

Quantities imported from major sources other than the United States, in 1,000 bales, during August-December 1964 (comparable 1963 figures in parentheses) are Mexico 501 (406), Nicaragua 100 (47), Brazil 82 (93), India 59 (58), Pakistan 54 (37), El Salvador 48 (72), the

Sudan 21 (31), Peru 21 (23), and Egypt 20 (32).

Japanese cotton mills are at present gradually expanding production of cotton yarns and fabrics, following recent favorable export sales and the implementation of special provisions of the new textile industry law which became effective last October 1.

Under the law, which requires that all spindles be registered with the Japanese Government, those registered spindles deemed in excess of requirements were frozen for 3 years. To encourage modernization during this period the government will permit any spinner to install and operate one new spindle in exchange for two frozen spindles scrapped. The law allows either cotton, rayon, synthetics, or blends to be spun on the same spindleage.

The main purpose of the law is to help regulate output over the next 4 years but gradually remove governmental control of spindle operation.

Labor shortages and rising production costs continue in Japan. Reportedly, the Japanese have been considering subcontracting textile jobs with South Korea, where wage rates are considerably lower.

Total raw cotton consumption in 1964-65 is expected to reach 3.3 million bales, nearly 5 percent above consumption a year ago.

U.S. Tallow and Grease Exports Rise

U.S. tallow and grease exports in 1964 rose 29 percent above those in 1963 to a record 2,425 million pounds, valued at more than $175 million, making this group of commodities the most valuable of livestock products exported.

Continued strong world demand for all fats and oils, plus less than normal increases in production, contributed to the larger exports of U.S. tallow and greases.

Foreign production of tallow in 1964 probably fell below the level of the previous year. Argentine slaughter was off sharply, and beef production was down in most European countries, offsetting probable gains in animal fat production in Australia and New Zealand.

Japan was the major destination for U.S. tallow and greases, taking nearly one-fifth of the total. EEC countries took over 600 million pounds for the first time since the late 1950's, reversing the general downward trend of recent years.

Exports to South America rose sharply during 1964. Because of reduced slaughter and heavy tallow exports early in the year, Argentina took nearly 30 million pounds of U.S. tallow in the last half of the year. Exports to Peru consisted largely of inedible greases which Peru has been buying in larger quantities each year. Increases in U.S. exports to Colombia and Venezuela largely reflect reduced Argentine exports.

In Africa, exports to Ghana reached 39 million pounds, compared with almost none in 1962; Algeria took 15 million pounds after taking none in 1962 and only a small quantity in 1963. Shipments to the Republic of South Africa recovered sharply from the below-average levels of the past 2 years, and exports to the UAR have been bolstered over the past 3 years by shipments under Title I of Public Law 480.

Shipments under P.L. 480 also contributed heavily to exports of tallow to Pakistan, Turkey, China (Taiwan), and Korea. Of the total 2,425 million pounds of tallow, greases, and animal oils exported in 1964, 289 million pounds (12 percent) were shipped under either Title I or Title IV of P.L. 480.

U.S. EXPORTS OF INEDIBLE TALLOW AND GREASES[1]

Continent and country	Average 1956-60	1961	1962	1963[2]	1964[2]
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
North America:					
Canada	22,246	25,209	25,640	34,329	35,940
Cuba	30,974	---	---	---	---
Dominican Republic	4,626	5,196	7,858	5,918	11,023
El Salvador	3,443	10,512	14,899	9,861	19,792
Guatemala	7,856	12,005	12,879	22,693	16,329
Mexico	34,830	5,395	4,125	2,901	2,823
Other	9,237	16,747	14,975	18,839	27,253
Total	113,212	75,064	80,376	94,541	113,160
South America:					
Argentina	37	90	309	57	28,765
Chile	1,525	1,230	3,815	314	277
Colombia	19,575	30,332	27,667	19,775	30,738
Ecuador	11,191	15,452	19,714	24,167	29,133
Peru	8,888	16,483	19,882	23,080	53,089
Venezuela	7,082	12,234	12,910	13,327	30,035
Other	2,561	1,083	2,286	2,049	3,866
Total	50,859	76,904	86,583	82,769	175,903
Europe:					
EEC:					
Belgium	42,454	22,395	17,349	21,653	35,202
France	11,375	8,208	6,180	14,885	29,007
Germany, West	86,332	102,989	92,037	86,490	104,795
Italy	269,575	207,031	230,685	179,750	180,117
Netherlands	227,664	231,526	188,305	237,225	263,041
Total	637,400	572,149	534,556	540,003	612,162
Non-EEC:					
Greece	6,375	5,583	2,839	4,551	8,795
Ireland	1,728	279	276	717	2,594
Norway	1,822	3,305	2,946	2,726	4,078
Spain	24,797	75,851	92,976	124,011	108,434
Switzerland	14,273	12,863	21,858	37,395	57,326
United Kingdom	17,165	20,418	20,010	22,409	63,247
Poland	42,925	52,150	65,643	77,283	121,967
Yugoslavia	23,616	41,833	5,325	24,946	12,989
Other	15,281	9,331	3,654	19,923	24,365
Total Europe	785,382	793,762	750,083	853,964	1,015,957
USSR: (Europe and Asia)	5,029	197,728	66,187	33,404	121,690
Africa:					
Algeria	198	---	---	1,432	15,468
Egypt	59,710	58,662	96,247	117,592	124,470
Ghana	---	---	7	12,301	39,312
Morocco	11,847	15,418	21,999	22,037	22,092
S. Africa, Rep. of	50,547	43,866	12,810	22,807	40,054
Other	4,812	5,314	6,711	9,798	20,705
Total	127,114	123,260	137,774	185,967	262,101
Asia:					
China, Taiwan	23,499	30,861	33,591	54,628	51,572
Iran	13,724	21,460	28,613	43,770	31,019
Japan	258,807	402,151	268,124	357,965	456,393
Korea, Rep. of	18,589	25,677	37,242	30,481	42,993
Pakistan	8,410	34,007	52,869	58,285	60,630
Philippines	14,846	21,195	21,096	21,952	19,882
Turkey	9,114	788	32,044	46,742	64,716
Other[3]	7,890	11,040	9,909	14,559	9,333
Total	354,879	547,179	483,488	628,382	736,538
Total world	1,436,475	1,813,897	1,604,491	1,879,027	2,425,349

[1] Includes inedible tallow, animal greases and fats, animal oils not elsewhere specified, oleic acid or red oil, and stearic acid. [2] Preliminary. [3] Includes shipments to Oceania.

Compiled from reports of the U.S. Department of Commerce.

Mohair Exports Down Sharply in 1964

U.S. exports of mohair in 1964 declined to 2.7 million pounds, the lowest since the United States became a major exporter in 1954. Practically all of the importing countries took considerably less during the year. Preliminary data

indicate that the major competing countries, South Africa and Turkey, also shipped less than in the previous year.

The United States began exporting mohair in 1953 and increased shipments almost every year, reaching a peak in 1959 of 18.6 million pounds. In the following 4 years exports ranged from 12.5 million pounds to 14.2 million.

U.S. EXPORTS OF MOHAIR[1]

Country of destination	Average 1956-60	1962	1963	1964[2]	Increase (+) or decrease (—) 1964
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
United Kingdom	8,235	6,463	6,666	778	—5,888
Netherlands	2,682	1,888	1,498	250	—1,248
Belgium	1,044	1,418	1,403	430	— 973
Japan	463	968	2,537	447	—2,090
Canada	202	79	99	135	+ 36
Italy	243	1,003	1,278	30	—1,248
Germany, West	74	151	62	9	— 53
Others	479	570	657	578	— 79
Total	13,422	12,540	14,200	2,657	—11,543

[1] Clean content. Includes other wool-like specialty hair. [2] Preliminary.

Bureau of the Census.

U.S. Exports of Natural Casings Fall in 1964

U.S. exports of natural sausage casings dropped rather sharply in 1964 after having been on the increase for several years.

Exports of hog casings were down—by 35 percent—with most countries reducing purchases in 1964.

Shipments of beef and other casings were 27 percent below those in the previous year, although not all countries reduced purchases. Most of the drop was accounted for by declines in exports to West Germany and Spain.

U.S. EXPORTS OF NATURAL SAUSAGE CASINGS

Country of destination	Average 1956-60	1962	1963	1964[1]	Change 1964 from 1963
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Hog casings:					
Canada	159	1,411	2,400	839	—1,561
United Kingdom	3,069	2,726	2,842	2,128	— 714
Netherlands	714	1,013	736	392	— 344
Belgium	666	975	1,217	648	— 569
Germany, West	1,049	1,604	1,049	926	— 123
Switzerland	387	810	541	279	— 262
Spain	638	695	902	426	— 476
S. Africa, Rep. of	427	918	1,075	1,020	— 55
Australia	914	1,271	1,630	1,324	— 306
New Zealand	570	527	479	473	— 6
Others	276	478	1,620	976	— 644
Total	8,869	12,428	14,491	9,431	—5,060
Other animal casings[2]:					
Canada	320	330	347	583	+ 236
Sweden	44	32	8	17	+ 9
Norway	685	516	224	346	+ 122
Denmark	66	6	39	60	+ 21
United Kingdom	204	180	250	195	— 55
Netherlands	781	263	112	73	— 39
Belgium	336	220	145	110	— 35
Germany, West	1,933	576	760	432	— 328
Switzerland	1,636	1,126	1,416	1,519	+ 103
Spain	2,342	1,928	2,455	809	—1,646
Others	347	592	774	600	— 174
Total	8,694	5,769	6,530	4,744	—1,786

[1] Preliminary. [2] Casings not elsewhere classified, mainly beef.

Bureau of the Census.

Australia's Trade in Dried Milk

Australia's exports of 29 million pounds of nonfat dry milk in the first 9 months of 1964 were down 14 percent from the comparable 1963 period. Accounting for most of this decline were sharply reduced sales to the three most important markets—India with only 9 million pounds compared with 11 million last year, the Philippine Republic 2 million (5 million), and the United Kingdom, 4 million (5 million). Slightly larger shipments were made to some of the smaller markets, including Japan, the United States, and the Republic of South Africa.

Sales of dry whole milk were up to 14 million pounds from 9 million in 1963. Shipments to Formosa showed the largest increase—to 2 million pounds from 243,000. Ceylon upped its purchases to more than 1 million pounds from 919,000; the Philippine Republic to 897,000 from 91,000. Somewhat larger shipments were also made to the United Kingdom, Fiji, Indonesia, and Korea. The Republic of South Africa and Japan, both of which took no dry whole milk in 1963, purchased 291,000 pounds and 44,000 pounds, respectively, in 1964.

Turkish Olive Oil Exports Show Sharp Gain

Exports of edible olive oil from Turkey in November and December of the current marketing year, which began November 1, 1964, were 5,618 metric tons compared with only 195 in the same 1963-64 period.

Major destinations and the quantities sold to them during the 2-month period (in metric tons) were Italy 19,244, France 2,606, Switzerland 1,458, Israel 1,019, and the United States 715. The average value per unit of weight declined by 17 percent from that of a year earlier.

In calendar 1964 Turkish exports of edible olive oil, at 7,494 metric tons, were sharply below the 14,473 and 26,483 tons of 1963 and 1962, respectively.

Japanese Whaling Activities

Four Japanese whaling companies operating the land stations Leith Harbor and Grytviken in South Georgia, Antarctica, landed 280.3 blue whale units, 84 sperm whales, and 5,147 seals during September 18, 1964-January 26, 1965. Production of oil from the catch totaled 5,300 metric tons of baleen oil, 680 of sperm oil, and 1,650 of seal oil.

The entire output was sold under contract to European buyers, principally those in the United Kingdom. The sales price for baleen oil was quoted at $232.40 to $236.60 per metric ton, c.i.f., and seal oil at $224.00.

Three of the four companies terminated operations on December 3, 1964; the fourth will continue whaling operations through March.

These land stations in South Georgia were also leased by Japanese companies in the 1963-64 season. During this period, the catch totaled 341.2 blue whale units and 60 sperm whales. Production of baleen oil amounted to 6,501 tons, and production of sperm oil, 517.

Senegal's Peanut Purchases Up Moderately

At the end of the seventh week of the current peanut purchasing season, the "Office Commercialisation Agricole" (OCA) of Senegal had purchased 700,305 metric tons of peanuts (unshelled basis) from the 1964-65 crop. At the same time last year, 648,094 tons had been purchased.

Of this year's total, 213,984 tons were from private independent firms and 486,321 from cooperatives. It is generally believed that commercial production will reach

the 840,000 tons forecast earlier (*World Agricultural Production and Trade: Statistical Report*, Nov. 1964, p. 23). Commercial production from the 1963-64 crop was 792,475 tons.

The role of the producer cooperatives has become increasingly important in Senegal's peanut production. Purchases from cooperatives in 1960-61 represented only about 20 percent of total purchases; in 1963-64 they accounted for 63 percent of the total; and for the first 7 weeks of the current season, 69 percent. If the percentage participation of cooperatives continues to increase at a rate comparable to that of recent years, the private or independent buyers will soon be excluded from peanut purchasing.

France has agreed to buy the equivalent of 483,000 tons of shelled peanuts (690,000 tons, unshelled basis) from the 1964-65 crop at an average price of Fr99 per quintal (9.2 U.S. cents per lb.), c.i.f. French ports. Shelled peanuts will account for 200,000 tons of the total, and oil, for 283,000 (*Foreign Agriculture*, Sept. 7, 1964).

Copra and Oil Exports From Papua and New Guinea

Exports of copra and coconut oil from the Territories of Papua and New Guinea during 1963-64 (oil-equivalent basis) totaled 65,430 long tons compared with 70,040 in 1962-63—a decrease of 7 percent.

COPRA AND COCONUT OIL EXPORTS FROM PAPUA AND NEW GUINEA

Item and country of destination	Year ending June 30	
	1962-63	1963-64
	Long tons	*Long tons*
Copra:		
Australia	30,799	26,562
United Kingdom	38,052	38,605
Japan	3,648	4,105
Total	72,499	69,272
Coconut oil:		
Australia	150	308
United Kingdom	23,491	20,788
Total	23,641	21,096

Overseas Trade Statistics, Papua and New Guinea.

Pakistan's Rape and Mustard Acreage Down Slightly

Pakistan's 1964-65 rapeseed and mustardseed acreage is placed at 1,664,000 acres compared with the corresponding figure of 1,679,000 a year ago, according to the first official estimate. The final estimate for 1963-64 was 1,673,000 acres. This year's indicated acreage is 12 percent below the 1955-59 average. Assuming normal yields, the crop now being harvested (January-April) may approximate 330,000 short tons, or slightly below that in 1963-64.

Seedings in East Pakistan declined 9 percent, reflecting heavy rains in some districts at seeding time. This reduction was, however, largely offset by increased acreage in West Pakistan, which reflected that area's generally favorable weather conditions and adequate availabilities of soil moisture at seeding time.

U.S. Imports of Fishmeal and Solubles

The United States imported 439,113 short tons of fishmeal during 1964, 17 percent or 62,792 tons more than the 376,321 in 1963. Imports of fish solubles, however, declined to 4,505 tons from 7,112.

International Olive Oil Council Meeting

It has been reported that the International Olive Oil Council, which has its headquarters in Madrid, Spain, will hold its annual congress May 20-26, at Izmir, Turkey.

The congress will discuss problems related to the regulation of the olive oil market.

Indian Exports of Peanuts and Products

Despite its ban on exports of peanuts and all edible oils (effective July 11, 1964), India earned 409.1 million rupees (US$85.9 million) from exports of peanuts and their products during January-November 1964. This was 2 percent larger than the 399.5 million rupees (US$83.9 million) earned during the same period a year earlier. A decline in export earnings from peanut oil, vanaspati (hydrogenated oil), and peanut cake (expeller) during the first 11 months last year was offset by the increased earnings from peanuts and de-oiled peanut meal.

INDIA'S EXPORTS OF PEANUTS AND PEANUT PRODUCTS

Commodity	1961	1962	1963	January-November 1963	January-November 1964
QUANTITY	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Peanuts (shelled basis)	30.9	37.6	33.7	28.8	29.5
Peanut oil	1.5	33.7	77.9	65.4	57.4
Peanut cake (expeller)	47.3	33.0	34.7	32.8	10.0
De-oiled peanut meal	374.6	613.1	742.8	663.7	733.0
Vanaspati[1]	4.1	2.8	4.0	3.7	2.0
VALUE[2]	*1,000 rupees*	*1,000 rupees*	*1,000 rupees*	*1,000 rupees*	*1,000 rupees*
Peanuts (shelled basis)	40.8	42.8	35.5	30.3	37.4
Peanut oil	2.5	47.3	109.9	94.7	75.8
Peanut cake (expeller)	16.4	13.0	13.6	12.9	3.7
De-oiled peanut meal	120.0	292.9	286.5	256.2	289.0
Vanaspati[1]	6.6	4.4	5.8	5.5	3.2
Total value	186.3	400.5	451.3	399.5	409.1

[1] Hydrogenated edible oil, comprising mostly peanut oil. [2] 1 rupee=21 U.S. cents.

Compiled from official sources.

The USSR was the major destination for Indian peanut exports during January-November 1964, accounting for one-fourth of the total; Burma, for peanut oil with 40 percent of the total; and the United Kingdom, for de-oiled peanut meal with 29 percent of the total.

Fire-cured Exports From Rhodesia, Zambia, Malawi

Exports of dark-fired tobaccos from Rhodesia, Zambia, and Malawi (formerly the Federation of Rhodesia and Nyasaland) during 1964 totaled 19.4 million pounds, compared with 20.9 million in 1963. The average export price of 1964 shipments was equivalent to 36.2 U.S. cents and that in 1963, 35.6 cents.

The principal foreign markets in 1964 included the United Kingdom, which took 4.1 million pounds; the Canary Islands, 2.3 million; France, 2.2 million; Sierra Leone, 1.8 million; and the Netherlands, 1.5 million. Other countries purchasing between 500,000 pounds and 1 million pounds were Cameroon, the Congo (Leopoldville), Switzerland, Portuguese Guinea, and Liberia.

Average export prices per pound in terms of U.S. cents for principal destinations last year were the United King-

dom 46.7, the Canary Islands 28.0, France 27.2, Sierra Leone 44.0, the Netherlands 27.4, Liberia 45.3, Portuguese Guinea 37.4, and Switzerland 30.3.

EXPORTS OF DARK-FIRED TOBACCO FROM RHODESIA, ZAMBIA, AND MALAWI

Destination	1962	1963	1964	Av. 1964 export price
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*U.S. cents per pound*
United Kingdom	5,133	6,077	4,124	46.7
Canary Islands	3,067	1,475	2,291	28.0
France	172	1,108	2,227	27.2
Sierra Leone	1,573	1,557	1,778	44.0
Netherlands	1,254	2,576	1,507	27.4
Liberia	1,086	1,079	916	45.3
Portuguese Guinea	1,358	801	753	37.4
Switzerland	148	510	673	30.3
Congo (Leopoldville)	743	1,198	557	31.7
Cameroon	189	419	538	40.7
Belgium	564	168	493	33.0
Sweden	496	582	366	16.8
Denmark	237	194	286	38.0
Portugal	31	32	281	37.8
Gabon	219	190	246	40.5
Finland	83	121	240	28.0
Germany, West	156	263	239	31.0
Gambia	157	263	196	52.2
Congo (Brazzaville)	10	281	108	28.8
Others	2,240	2,053	1,613	--
Total	18,916	20,947	19,432	36.2

Ontario's Flue-cured Auctions Close

Sales of the 1964 crop of flue-cured tobaccos in Ontario, Canada, ended on February 25—the earliest closing date under the present marketing board, which came into being in 1957. The previous earliest closing was March 11, 1959.

Total sales for the season amounted to 136.5 million pounds, at an average price of 56.7 Canadian cents per pound. The average price for the 1964 crop was nearly 10 cents a pound higher than the previous year's average of 46.8 Canadian cents.

Unofficial reports indicate that all of the "no-sale" tobaccos from the 1961 and 1962 crops held by the board have been sold.

Morocco's Tobacco Imports Set New Record

Morocco's imports of unmanufactured tobacco in 1964 rose to a new high of 11.0 million pounds from 9.0 million in 1963; the previous high was 10.9 million in 1961.

Larger imports from practically all major suppliers accounted for the increase. Imports from Brazil, the principal supplier, rose to 3.6 million pounds from 3.2 million in 1963. Takings from the Philippines, at 1.6 million pounds, were almost double the 1963 level of 0.9 million. Imports from Cameroon and Paraguay were also up sharply, while takings from Colombia, Dahomey, and Cuba were up moderately. Imports from the United States, at 575,000 pounds, were just slightly above the 560,000 pounds in 1963. Takings from the Dominican Republic were down a little, and those from India were off significantly.

Morocco's imports of cigarettes last year totaled only 395,000 pounds and were the smallest since 1949. A drop in imports from the United States, the United Kingdom, and Belgium and a cessation in those from Algeria, accounted for the decline, more than offsetting the slight increase in imports from France.

Imports from the United States dropped sharply, to 262,000 pounds in 1964 from 477,000 in 1963 and were the smallest since 1954. Imports from the United Kingdom also fell, to 32,000 pounds from 63,000, while those from France rose slightly, to 67,000 from 63,000.

MOROCCO'S IMPORTS OF UNMANUFACTURED TOBACCO

Origin	1962	1963	1964[1]
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
Brazil	1,700	3,248	3,596
Philippines	1,124	882	1,587
Dominican Republic	981	1,361	1,354
Colombia	674	705	922
United States	620	560	575
Dahomey	221	331	551
Cuba	--	441	551
India	663	860	441
Cameroon	10	--	403
Paraguay	55	--	309
Others	678	566	679
Total	6,726	8,954	10,968

[1] Preliminary; subject to revision.

WORLD CROPS AND MARKETS INDEX

Cotton
11 Japanese Cotton Imports Up

Dairy and Poultry Products
13 Australia's Trade in Dried Milk

Fats, Oilseeds, and Oils
13 Turkish Olive Oil Exports Show Sharp Gain
13 Japanese Whaling Activities
13 Senegal's Peanut Purchases Up Moderately
14 Copra and Coconut Oil Exports from Papua and New Guinea
14 Pakistan's Rape and Mustard Acreage Down Slightly
14 U.S. Imports of Fishmeal and Solubles
14 International Olive Oil Council Meeting
14 Indian Exports of Peanuts and Products

Fruits, Vegetables, and Nuts
9 West German Import Tender for Apple and Pear Juices
9 West Germany Extends Import Tender for Canned Pears
9 Iran's 1964 Almond Crop Below Average
9 Italy Has Small Filbert Crop
9 French Prune Crop Up From 1963
10 Italy Produces Large Almond Crop
10 Yugoslavia's Dried Prune Supply Lower

Livestock and Meat Products
12 U.S. Tallow and Grease Exports Rise
12 Mohair Exports Down Sharply in 1964
13 U.S. Exports of Natural Casings Fall

Sugar, Fibers, and Tropical Products
10 Tea Imports Into the United States Increase
10 Japan's Sugar Price Stabilization Plan
11 Malagasy's Vanilla Crop Smaller
11 Canada Raises Its Sugarbeet Support
11 Australia's Honey Exports Drop
11 West Germany's Honey Outlook Good
11 U.S. Vanilla and Pepper Imports Up

Tobacco
14 Fire-cured Exports From Rhodesia, Zambia, Malawi
15 Morocco's Tobacco Imports Set New Record
15 Ontario's Flue-cured Auctions Close

U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250

OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U.S. DEPARTMENT OF AGRICULTURE

To change your address or stop mailing, tear off this sheet and send to Foreign Agricultural Service, U.S. Dept. of Agriculture, Rm. 5918, Washington, D.C. 20250.

Soviet Union Importing Small Quantities of Wheat

The Soviet Union, since the end of October 1964, has contracted to import more wheat than usual, but much less than the 11 million metric tons imported in 1963-64.

The destination of the shipments suggests a reason for the contracts, which total 1.7 million metric tons. Some are going directly to major Communist importers of Soviet wheat; some to grain-deficit areas of the USSR. Estimates of the Soviet Union's 1964 wheat crop and its probable utilization also offer a cogent explanation.

The Soviet Union has purchased 250,000 metric tons of soft wheat from France, which, according to trade sources, are going to East European countries.

Purchases from Australia total 750,000 metric tons, with an option for an additional 57,000 tons. This is to be imported through ports of the Soviet Far East, probably to cover requirements of this grain-deficit area which is far removed from the grain-surplus regions of the USSR.

Three contracts have been concluded with Canada for a total of 570,000 metric tons of grain and 107,000 metric tons of flour in grain equivalent. This grain is being shipped from Atlantic ports to the Soviet Union and Cuba. In the past, Canadian wheat usually moved from Pacific ports to the Soviet Far East.

In the period 1955-62, Soviet wheat imports averaged 286,000 metric tons a year. These imports, especially in recent years, came largely from non-Communist countries. At the same time, Soviet wheat exports averaged 4.3 million metric tons and went to Communist and non-Communist countries in the proportion of 3 to 1, respectively.

During this 8-year period, East Germany and Czechoslovakia and, since 1960, Cuba, have taken two-thirds of the Soviet Union's wheat exports to Communist countries. Although other Communist countries have imported large quantities of Soviet wheat in some years, East Germany and Czechoslovakia have been the largest and most consistent purchasers. Cuban purchases began in 1960: this country received more than 200,000 metric tons of Soviet wheat in 1961, and over 400,000 metric tons in 1962.

For 1964, the Soviet wheat and rye crops together are estimated to total 67.8 million tons, compared to 52 million in 1963. It is also estimated that 64 million to 65 million metric tons will be required during the current consumption year for food, feed, seed, industrial use, and waste. The remaining 2.8-3.8 million tons apparently is insufficient to meet firm export commitments to Communist countries and to rebuild depleted stocks. This indicated shortfall may explain, in part, the recent purchases abroad.

—THEODORA MILLS
Foreign Regional Analysis Division, ERS

SOVIET IMPORTS AND EXPORTS OF WHEAT AND FLOUR AND OF RYE

Item	1955	1956	1957	1958	1959	1960	1961	1962	Average 1955-62
WHEAT AND FLOUR[1]	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Exports:									
To Communist countries	1,759.6	607.6	4,661.0	2,915.8	4,464.5	4,322.0	3,587.2	3,483.1	3,225.1
To other countries	388.6	908.7	882.8	1,047.4	1,690.6	1,349.5	1,527.4	1,596.3	1,173.9
Total exports	2,148.2	1,516.3	5,543.8	3,963.2	6,155.1	5,671.5	5,114.6	5,079.4	4,339.0
Imports:									
From Communist countries	56.0	66.2	26.5	40.2	58.6	98.0	167.2	45.1	69.7
From other countries	35.2	431.9	150.7	315.5	226.8	29.4	516.8	27.6	216.7
Total imports	91.2	498.1	177.2	355.7	285.4	127.4	684.0	72.7	286.4
Net exports:									
From Communist countries	1,703.6	541.4	4,634.5	2,875.6	4,405.9	4,224.0	3,420.0	3,438.0	3,155.4
From other countries	353.4	476.8	732.1	731.9	1,463.8	1,320.1	1,010.6	1,568.7	957.2
Total net exports	2,057.0	1,018.2	5,366.6	3,607.5	5,869.7	5,544.1	4,430.6	5,006.7	4,112.6
RYE									
Net exports:									
From Communist countries	576.3	351.3	317.6	341.1	371.4	514.0	856.3	1,094.5	552.8
From other countries	122.6	168.1	123.0	119.9	177.5	168.5	231.7	205.8	164.6
Total net exports	698.9	519.4	440.6	461.0	548.9	682.5	1,088.0	1,300.3	717.4

[1]Grain equivalent; 80 percent milling rate assumed.